

Minutes of a Regular Meeting
of the Members of the
Hawaii Community Development Authority
State of Hawaii

Wednesday, February 3, 2016

KAKAAKO BUSINESS

I. CALL TO ORDER/ROLL CALL

A general business meeting of the Kakaako Members of the Hawaii Community Development Authority (“Authority” or “HCDA”), a body corporate and a public instrumentality of the State of Hawaii, was called to order by Chair Whalen at 10:37 AM February 3, 2016, at Authority’s principal offices at 547 Queen Street in Honolulu, Hawaii, 96813, pursuant to Article IV, Section 1 of the Authority’s Bylaws.

Members Present: Beau Bassett
George Atta (DPP)
Scott Kami (B&F)
William Oh
Jason Okuhama
Jade Butay (DOT)
Mary Pat Waterhouse
Steven Scott
John Whalen

Members Absent: Wei Fang

Others Present: Aedward Los Banos, Interim Executive Director & ASO
Mike Wong, Deputy Attorney General
Lori Sunakoda, Deputy Attorney General
Jennifer Sugita, Deputy Attorney General
Deepak Neupane, Planning Director
Laura Savo, Court Reporter
Tommilyn Soares, Secretary
Lindsey Doi, Compliance Assurance & Community Outreach
Shelby Hoota, Media Specialist

II. APPROVAL OF MINUTES

1. Kakaako Regular Meeting of November 4, 2015

No comments or corrections were made. Minutes were approved as presented.

2. Kakaako Regular Meeting of December 2, 2015

No comments or corrections were made. Minutes were approved as presented.

3. Kakaako Regular Meeting of January 6, 2016

No comments or corrections were made. Minutes were approved as presented.

Chair Whalen stated as announced during the General meeting, Governor Ige has appointed Ms. Wei Fang to the HCDA board as an interim-at-large board member pending Senate confirmation.

Chair Whalen requested an item to the agenda be added, to appoint an affordable housing investigative committee. The committee will track the revision of rules concerning reserved housing and workforce housing.

Vice Chair Scott motioned to add the agenda item to appoint board members to the affordable housing investigative committee. Member Kami seconded. Chair Whalen called for a voice vote, all members unanimously approved.

Chair Whalen noted, in accordance with the Sunshine law, two-thirds vote is required and was received. He appointed to the affordable housing investigative committee, Members William Oh, Jason Okuhama and Steven Scott. He also, tentatively, appointed Wei Fang, subject to her approval.

III. ED REPORT

Mr. Los Banos provided a detailed report at the General meeting and highlighted a few items for board members:

- The March 2, 2016 HCDA meeting agenda will include an item re: the 630-micro unit project, as the board granted an extension for the development agreement. He also encouraged board members to create a design review committee for the micro-units in which Member Bassett previously expressed interest to be a part of. Mr. Los Banos also recommended newly appointed board member Wei Fang to be a part of the committee.
- Legislative Update: City Council Bill #61, in its current draft provides a real property tax break (10 years) for industrial uses in the Central Kakaako District for HCDA. Mr. Los Banos noted this for the board as creating incentives for business/landowner owners in the Kakaako area is a board priority.
- Homeless Efforts Update: Enforcements are being conducted once a week. Those who have been removed from the parks continue to return. There haven't been any new budget requests to help with enforcements and staff anticipates being able to keep within the Emergency Proclamation Funding for the homeless efforts.

Member Bassett asked if there is anything regarding enforcement that needs to be discussed with legal counsel. Deputy Attorney General Mike Wong agreed there are a few things that could be discussed in Executive Session. Member Bassett motioned for the board to enter into executive session to consult with legal counsel on homeless enforcement matters. Member Waterhouse seconded.

Member Atta acknowledged members in the audience that are present for other agenda items and requested the board go thru the agenda items first and convene in executive session, to discuss homeless matters toward the end of the agenda.

Chair Whalen called for a voice vote to convene in executive session, to consult with legal counsel on matters pertaining to the homeless enforcements, toward the end of the agenda. All members unanimously approved, none opposed.

Mr. Los Banos continued with the Interim Executive Director report and noted for the board, Owners of Pacifica Honolulu Unit #609 have withdrawn their request to sell the unit and will retain the unit until the end of the regulated term.

There were no other questions or comments from board members.

Chair Whalen asked for public comment. There was no public comment.

IV. KAKAAKO MATTERS*

4. Decision Making: Shall the Authority Authorize the Interim Executive Director to Expend an Amount Not to Exceed \$25,000.00 from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount, for an Archaeological Monitoring Plan and Report as Required by the State Historic Preservation Division for the Historic Ala Moana Pump Station Renovation?

Mr. Los Banos presented the report provided in the board packet.

Chair Whalen wanted confirmation that the Archaeological monitoring plan as requested by the State Historic Preservation Division (SHPD) is to ensure construction is done properly. Mr. Los Banos confirmed that is correct and noted, failure to have a plan in place by the time Pacific Gateway Center starts work will result in a Notice of Violation from SHPD that would name HCDA as a landowner.

Discussion with members Bassett, Okuhama, Waterhouse, Mr. Los Banos and Mr. Deepak Neupane confirmed, Pacific Gateway Center received a one million dollar CIP allocation from the Legislature to design and construct a community resource center at the Ala Moana Pump Station. The previous board supported the idea and agreed it would be an asset for Kakaako and provided (in addition to the CIP allocation) a total of \$86,000.00 to complete the Environmental Assessment, the Special Management Area permit and the AIS study. The current additional request of \$25K for the

Archaeological Monitoring Plan and Report would increase HCDA's budget contribution to the project, a little over \$100,000.00. With members concerns for HCDA's budget, all agreed to defer decision making until a representative from Pacific Gateway Center can address questions regarding their efforts in raising capital to help with the cost of SHPD's requirement.

There were no further discussion by members and no public comments received.

Vice Chair Scott **motioned that decision be deferred until the board hears from Pacific Gateway Center and questions them regarding their fundraising.** Member Bassett seconded. Chair Whalen called for a voice vote, all members unanimously approved, none opposed.

5. Decision Making: Shall the Authority Authorize the Interim Executive Director to Expend General Obligation Bond Funds (B-14.408) in an Amount Not to Exceed \$767,883.00 for the Construction of Kewalo Basin Harbor Jetty Repairs in the Kakaako Community Development District?

Mr. Los Banos provided the report contained in the packet.

Member Scott asked procedurally, is board approval required to expend this money? Mr. Los Banos responded, yes, as the current executive director's delegation is up to \$25,000.00 and the current request is, not to exceed \$767,883.00. Member Kami asked if board approval is required to enter into a contract to perform the work and suggested the board should consider providing both approvals at this time rather than coming back to the board for approval to enter into contact.

Member Bassett **motioned to authorize the interim executive director to expend general obligation bond funds, B-14.408, in an amount not to exceed \$767,883 for the construction of Kewalo Basin Harbor jetty repairs in the Kakaako Community Development District and to enter into a contact with the lowest bidder.**

No questions or comments from Members of the board or the public were received.

Vice Chair Scott seconded. Interim Executive Director Aedward Los Banos conducted the roll call vote. Motion passed with seven votes and two excused.

6. Information and Discussion: 690 Pohukaina Street Mixed-Use Transit-Oriented Development Project Update.

Mr. Los Banos provided the report contained in the board packet and noted there has been a change in circumstances from the initial RFP and award. With the growing density in Kakaako, the Department of Education has a proposal for a potential elementary school and called Mr. Dan Carlson of the Department of Education to brief the board with an overview.

Mr. Dan Carlson, DOE Assistant Superintendent, briefed board members on the DOE's

proposal of a public school for the 690 Pohukaina parcel. He also stated their view on including a school within the RFP, is that it meets requirements within the civil use space. They have been working with Forest City to progress and noted this project has been very well received with support from the Governor's office and the Legislature. He stated that DOE received a \$6 million appropriation from the Legislature for the project and that at this point they are asking the HCDA board for action to move forward thru either a Development Agreement through Forest City (who received the award to develop an affordable housing project on the parcel) or cancel the current RFP and start over with another RFP but stated starting over is not DOE's preference.

Chair Whalen noted, HCDA does not hold title to the property but rather DLNR, and asked what have been the discussions with DLNR in terms of the valuation of the land? Mr. Carlson responded, DOE has had meetings with the Director of DLNR, the Governor and some of his cabinet members and everyone is in agreement. DOE will at some point approach DLNR's board, and in exchange for a DOE lease of the property, DLNR would receive \$14 million and that would help fulfill Act 155 that Legislators tasked the DOE with. Mr. Deepak Neupane clarified the \$14 million figure was derived from the appraisal of the land and BLNR agreeing to receive 80% of that land market value. Mr. Uchida of SSFM (DOE's contractor to help with Act 155 engagement) stated for the board, if Forest City enters into a development agreement with HCDA, the next step would be for DOE to approach DLNR to request a revision to the lease based on the reduced footprint for just Forest City's portion of the property and then request an executive order for the portion of the land for the school.

Member Bassett asked Mr. Uchida to explain Act 155. Mr. Uchida in a summary explained Act 155 was passed in the 2013 Legislature that asked DOE to look at underutilized assets and to look at it from a repositioning as well as generating revenue. So under Act 155, DOE contracted SSFM to help implement Act 155, to assist and look at all existing school sites to determine what sites may be underutilized and then to come up with a game plan of what they should be doing to reposition some of their assets. Act 155 also called to identify three pilot projects and the Pohukaina school site is one of the three pilot projects that have been identified.

Member Atta questioned the vertical school concept and mentioned the DOE's proposal doesn't show any kind of development above the schools. He said theoretically, the school could take the first three or four floors and develop above those floor. Member Atta suggested, it's a design issue, but that negotiations should consider separating access for the DOE school security purposes so that development above the school can possibly generate revenue.

Chair Whalen asked Mr. Carlson to elaborate on his statement with DOE's view on the revised proposal meeting the requirement of the original RFP. As the original RFP was awarded to Forest City based off of points, the wording in the RFP noted about 90,000 square feet of civil-use space and as it did not specify "school" DOE's perspective is that's where the school would fit into the RFP.

Member Waterhouse asked what was in Forest City's original proposal and if it included a school. Mr. Uchida responded, it didn't include a school. Mr. Neupane responded the original proposal included a 30,000 square feet of civic space for a library services, a 10,000 square feet for community space and 30,000 square feet for commercial space. Chair Whalen asked if the proposal is for a 90,000 square foot school. Mr. Neupane confirmed it is, and that the proposal is now close to 100,000 square feet.

Member Waterhouse asked if a subsequent RFP was sent out calling for a school. Mr. Neupane responded no, and he also confirmed for Chair Whalen that the original proposal included a total floor area ratio of three and a half, following HCDA's current rules that are in effect and that it meets height limit.

Chair Whalen asked if the allocation of the floor area is expanded and the greater amount is devoted to the school, would that floor area then be reduced to the amount that's available for the housing component of the project. Mr. Neupane confirmed.

Discussion with board members confirmed an understanding that this new proposal, the original award to Forest City's 800-unit project (of which 300 units would be affordable and 500 at market price), would now be a smaller project. Also, a question on the two-year window that was included in the Memorandum of Agreement with HCDA and BLNR in August of 2012 in reference to the RFP brought concerns on whether the agreement is still in effect and whether HCDA would need to go back to BLNR and if a new RFP is required. Member Waterhouse stated, with the boards questions and concerns, she believes the board will need to consult with legal counsel.

Member Basset asked what the next step to this process would be. Chair Whalen noted for Member Bassett if the board sees this revised proposal fits under a modification that is allowed under the scope of the original RFP, the next step would be to negotiate a development agreement.

Member Oh asked, roughly what is the gross square feet of an average elementary school in Honolulu? Mr. Carlson responded, about 90 to 100,000 square feet.

Member Scott asked what the school district would be. Mr. Carlson responded, the idea of the school would be to attract students that could access the transit corridor. Mr. Ken Masden of DOE responded they are looking at the urban corridor between Kalihi and Ala Moana.

Chair Whalen asked whether DOE have conducted studies on the impacts of traffic and parking specific to the proposed school. Mr. Masden responded, DOE has not looked at the site-specific concerns.

PUBLIC COMMENT

Mr. Jon Wallenstrom of Forest City, stated the idea of a mixed-use of an educational facility in an apartment with the residential use is one that works across the country and as Hawaii is faced with a housing shortage, you see more kids in apartments here than on the mainland.

There were no other comments or questions from board members or the public.

Vice Chair Scott motioned for the board to convene in executive session to be convened after the public portion of the meeting. Member Bassett seconded. Chair Whalen called for a voice vote and all members voted simultaneously in the affirmative.

- 7. Information and Discussion: Civil suit re: Kakaako Business Owners vs. the Kakaako Land Company, City and County of Honolulu and the Hawaii Community Development Authority.

Chair Whalen stated the board will be briefed in executive session regarding the agenda item because HCDA has been named in the lawsuit and asked for public comment.

There were no public comments received.

Member Bassett motioned the board convene in executive session pursuant to Hawaii Revised Statutes, Section 92-5 (a)(4). Member Waterhouse seconded. All members unanimously approved entering into executive session.

Board Members met in executive session to discuss:

- Homeless enforcement matters
- 690 Pohukaina Street Mixed-Use Transit Oriented Development Project
- Civil Suite re: Kakaako Business Owners vs. the Kakaako Land Company, City and County of Honolulu and the Hawaii Community Development Authority.

Pursuant to Section 92-5 (a)(4), Hawaii Revised Statutes, the Authority convened in Executive Session at 11:49 am

Chair Whalen reconvened the meeting at 1:56 pm

V. ADJOURNMENT

Chairperson Whalen adjourned the regular meeting at 1:56 p.m.

Respectfully submitted,

/s/

John Whalen,
Chair

Note: The transcript of this meeting contains a verbatim record and should be consulted if additional detail is desired.